



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

**Date:** 6/18/2004

**GAIN Report Number:** CA4045

## Canada

### Agricultural Situation

### Off to the Polls Canada Goes: Implications for Agriculture

### 2004

**Approved by:**

Gary C. Groves  
U.S. Embassy

**Prepared by:**

Christina Patterson

---

**Report Highlights:**

On May 23, 2004, Governor General Adrienne Clarkson dissolved the 37th Parliament at the request of the Prime Minister, Paul Martin, sending Canadians into a general election. The election date is set for June 28, 2004. At this point it is difficult to determine the outcome of the election, although most observers believe that the new Conservative Party, led by Stephen Harper, has a good chance of beating the Liberal Party and obtaining power after nearly 11 years in opposition. Agriculture policy would likely see dramatic changes under a Conservative majority. For example, the Conservative platform calls for the abolition of the Canadian Wheat Board (CWB) monopoly, and would allow Canadian farmers additional choice over where they could sell their grain. On the other hand, some polls indicate that the formation of a minority government will be the more likely outcome. Under this scenario the state of farm policy, and the future of the CWB, is far less clear.

---

Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Ottawa [CA1]  
[CA]

## A Brief Overview of the Political System in Canada

Canada's Parliament is made up to two houses, the Senate and the House of Commons. The upper house is the Senate, which contains 105 seats, which are appointed by the Governor General on the advice of the Prime Minister. The lower house is the House of Commons. As of April 1, 2004, the House of Commons increased to 308 seats from 301. The people of Canada elect the members in House of Commons.

There are four major political parties within Canada that occupy seats in the House of Commons, but there are also several smaller parties who put platforms forward and run candidates during the election. The four major political parties are: the Liberal Party of Canada, the Conservative Party of Canada, the New Democrat Party (NDP) and the Bloc Quebecois (BQ). Currently the Liberal Party is the governing party and the other 3 make up the opposition. In order to win a majority in the House of Commons -- and thereby control of the government -- a party needs to win 155 seats.

Most political power in Canada is concentrated among the four parties. The Bloc Quebecois is best known as the separatist party, and is based in Quebec. The main objectives of the BQ are to establish Quebec as a sovereign nation and to defend the interest of Quebec within the House of Commons. The party is made up of people from across the political spectrum, but the party on the whole is left of center. For example, the BQ is opposed to the war in Iraq, as well as to increased spending on Canada's military. The Bloc focuses heavily on agriculture as it applies to Quebec. Since the Canadian Wheat Board (CWB) Act does not include Quebec within its designated area, there is no mention of the CWB in their platform. Another very important plank in their platform is maintaining the current supply management system for dairy, poultry, and poultry products.

The platform of the New Democratic Party (NDP) is considered to most closely resemble those of the various socialist parties of Europe. The focus of the NDP is on health care, education, affordable housing, or other social issues. The NDP is generally against increased globalization and free trade deals under the World Trade Organization (WTO) or NAFTA. In fact, the NDP would like to reopen NAFTA in order to renegotiate a better deal for Canada, or scrap it all together.

The Conservative Party is generally centrist to right-of-center, if judged by U.S. standards. The party was established last year through the merger of the Canadian Alliance (a party that was considered to be farther to the right) and the Progressive Conservative Party of Canada. The Conservative Party supports increased trade liberalization, increased military spending, and better relations with the United States.

The Liberal Party is considered by most Canadian political observers to be the centrist party in Canadian politics. The party is made up of both left wing and right wing factions, but the party attempts to present moderate, middle of the road positions to placate both sides. The Liberal Party has stated that it wishes to pursue more liberalized trade, but the party has repeatedly stated that it will not sacrifice the traditional Canadian agricultural policies of supply management or support reform of the CWB in order to do so.

## Party Platforms on Agriculture

Both the Liberal and NDP platforms are fairly close in their positions vis-à-vis agriculture, especially in terms of supporting the family farmer as well as advocating additional funding, protection, and support for Canadian agriculture. Unfortunately, both clearly state that they would continue to defend and maintain the monopoly powers of the CWB. In addition, each party is committed to maintaining supply management. In fact, current Liberal Agriculture Minister Bob Speller derives his strongest base of support from Eastern Canada, where he has built strong alliances with the supply-managed (SM-5) commodity organizations, and is on record as stating that SM-5 should remain a "bedrock" of Canadian Agricultural support. Moreover, the Liberal platform indicates that the party will not modify Canada's negotiating position on agriculture in the WTO, especially its less-than-ambitious proposals on market access. These steadfast positions are also likely to keep Canada at odds with the Cairns Group vis-à-vis a coordinated position on agriculture in the WTO.

The Conservative Party is the only one on record pledging support for abolishing the CWB monopoly. The Conservative platform states that it would “*give grain farmers the freedom to make their own marketing and transportation decisions and to voluntarily participate in producer organizations*”. On the other hand, the Conservatives also pledge to support the viability of producers who operate under supply management and the goals of supply management to deliver a high quality product for a fair price. The Conservative Party supports NAFTA and the WTO to promote free and fair trade. Although not in the platform, the Conservatives would like to see increased trade liberalization through reduction in tariffs and trade barriers, and elimination of export subsidies.

As the designer and administrator of the Agriculture Policy Framework (APF), the Liberal Party is committed to this program and the new safety net programs that were designed to remove the need for ad hoc programs in times of crisis. The NDP and Conservatives both support improving the safety nets programs to ensure they provide farmers with the coverage that they need, but would likely make certain changes to the APF. The Conservatives have committed to ensuring that the programs comply with Canada’s trade obligations. The NDP would like to provide trade injury compensation to Canada’s grains and oilseed producers, to mitigate the impact of foreign subsidies on their products. The Liberals and NDP have both proposed selling the government’s grain hopper car fleet to the Farmer Rail Car Coalition. This may not be seen as a trade target, but this could result in transportation issues for Canada’s farmers.

All the parties claim they are committed to Canada’s agriculture sector and will work to ensure its viability. The parties’ platforms can be found by going to [www.cfa-fca.ca](http://www.cfa-fca.ca) and clicking on the Federal Election 2004.

### **Current Situation**

As the election enters the final stretch, reputable Canadian polling organizations find the Conservative Party has 36% support of the Canadian electorate, the Liberal Party has 31%, the NDP has 16% and the BQ has 12% (with this being support mainly in Quebec). If these numbers hold until the election, the Conservative Party is in a position to win a minority government at the least. During the course of the election, support for the Liberal Party has dramatically fallen and support for the Conservative Party has increased. If the trend continues, there is the slight possibility that the Conservative Party could form a majority government.

Recent polling indicates that farmers’ support is solidly behind the Conservative Party at 60% of the decided vote. National support among farmers for the Liberals has dropped by a full 9 percentage points, from 32 % in the 2000 election to 23% currently. The NDP has 7% and the BQ has 6% farmer support nationally (with 44% support for the BQ in Quebec). There are several possible reasons for the drop in farmers’ support for the Liberal Party. In general, many across the country are angry over the sponsorship scandal, which saw \$250 million of taxpayers’ money funneled to Quebec and Liberal friendly advertising firms under the guise of promoting Canada and the Canadian government in Quebec to prevent another referendum on separation. At least \$100 million of that money has not been accounted for. The scandal has resulted in declining in Liberal support across the country, not just farmers’ support.

Despite the best assurances from the Minister of Agriculture that the government is doing everything it can, the U.S. border still remains closed to live cattle exports from Canada. Many farmers feel that the damage caused by the Liberal government to Canada’s relationship with the U.S. has hurt Canada’s ability to have any influence with our U.S. counterparts, thereby hindering Canada’s ability to speed up the reopening.

The newly designed safety net programs have been a large bone of contention with a lot of farmers across the country. Many are unhappy that the Liberal government designed the programs without taking the advice of producers in regards to what they wanted to see in the programs. Despite changes to the new programs, a majority of producers still feel the new programs are too costly and ineffective.

The firearms registry, which requires the registration of long guns by their owners, has had a huge impact on Liberal support in rural Canada. The firearms act came into effect in 1996, and has been a contentious issue for the Liberal government ever since. The 1997 and 2000 elections saw a significant portion of the rural and farmer support move away from the Liberals because of this issue. The Liberal

Party is refusing to scrap the gun registry, despite its ineffectiveness and bloated cost (originally projected to cost \$2 million and by the time it is fully implemented it should cost around \$2 billion).

Through the last 10 years that the Liberal Party has been in power, Paul Martin, as finance minister, enacted the deepest cuts to farm support programs in Canadian history. The ongoing record of the Liberal government to vote down additional money to farmers in times of crisis (i.e. the drought) has led many farmers to question the sincerity of the Liberal Party's commitment to agriculture and farm families. More than twice as many farmers believe that the Conservative Party will be the most helpful in meeting the needs of the agricultural community over the Liberals (44% vs. 20%).

Finally, in the 2000 election, the Conservative Party was split into two different parties, the Canadian Alliance and the Progressive Conservative Party of Canada. The two parties split the vote on the right, allowing many Liberal members to be elected. The two parties combined had 55% of the vote. With the uniting of the parties, this has enabled farmers to move their vote from the Liberals and put their support behind the new Conservative Party. Rural seats in Canada typically support the Conservatives or the NDP.

### Implications

If either the Conservative Party or the Liberal Party forms a minority government, it becomes imperative for either party to form a coalition with either the Bloc Quebecois or the NDP, depending on the seat count of the ruling minority government and the issue being debated.

If either the Liberals or the Conservatives form a minority government, many speculate that any potential coalitions would prove too fragile, and that the Canadian electorate would be back at the polls within a year. Under the assumption that the Conservative Party wins power and attempts to live up to the promises it has made, it may pose a significant problem in terms of timing with regards to the elimination of the CWB monopoly. The Conservative Party has stated that they will amend the CWB Act within their first term in power. However, a term can last up to a maximum of 5 years. Significant reform of the CWB may not be something a minority Conservative government would be able to achieve if the voters are forced back to the polls early.

Finally, all parties are facing enormous pressure from the supply management lobby, both at the provincial and federal level. In the short run, this could have an impact on a new government's ability to pursue a WTO framework agreement by the end of July. Over the longer term, the shape of the new government may determine the winner of the long-standing battle for power between the traditionally protectionist supply-managed sectors, and the more export-oriented grains and oilseeds sectors, especially in terms of who will benefit from an eventual deal in the WTO agriculture negotiations.

It is clear that a Conservative government would try to forge stronger ties with the United States in all regards, including on the trade front. They would more likely attempt to deal with and resolve ongoing trade irritants with the United States, such as possible duties on live hog exports, softwood lumber, and wheat, as well as the BSE crisis.

### Conclusion

Despite the various promises to farmers that each party has laid out in their platforms, agriculture has thus far played a relatively quiet role in the election. Nevertheless, behind the scenes the political parties are clearly under pressure from the various farm groups, who in fact have been extremely critical of all parties for the lack of visible attention being paid to agriculture. Whatever party emerges as a victor on June 28<sup>th</sup>, it is clear that the longstanding issues being faced by Canadian farmers – the CWB, supply management, BSE, and the WTO negotiations, to name just a few – must also be confronted by the leaders that will undoubtedly owe their political livelihood in part to this increasingly vocal sector of Canada's economy.

**Find FAS on the World Wide Web:** Visit our headquarters' home page at <http://www.fas.usda.gov> for a complete listing of FAS' worldwide agricultural reporting.

Recent Reports from FAS/Ottawa:

Report Number	Title of Report	Date
CA4043	This Week in Canadian Agriculture, Issue 19	6/10/2004
CA4042	This Week in Canadian Agriculture, Issue 18	6/04/2004
CA4041	Dairy, Semi-Annual	6/03/2004
CA4040	This Week in Canadian Agriculture, Issue 17	5/28/2004
CA4039	This Week in Canadian Agriculture, Issue 16	5/21/2004
CA4038	Provisional Anti-Dumping Duties on U.S. Frozen Pizza	5/18/2004

VISIT OUR WEBSITE: The FAS/Ottawa website is now accessible through the U.S. Embassy homepage. To view the website, log onto <http://www.usembassycanada.gov>; click on Embassy Ottawa offices, then Foreign Agricultural Service. The FAS/Ottawa office can be reached via e-mail at: [agottawa@usda.gov](mailto:agottawa@usda.gov)